

**Buccleuch Natural Fuels Limited (formerly  
Buccleuch Heritage Hardwoods Limited)**

Financial statements

For the year ended 31 October 2006

Grant Thornton 



**Company No. SC242894**

## **Officers and professional advisers**

<b>Company registration number</b>	SC242894
<b>Registered office</b>	Head Office Weatherhouse Bowhill SELKIRK TD7 5ES
<b>Directors</b>	J C Lamont D C Gwyther
<b>Secretary</b>	M J McGrath
<b>Bankers</b>	The Royal Bank of Scotland plc 36 St Andrew Square EDINBURGH EH2 2YB
<b>Solicitors</b>	Anderson Strathern 1 Rutland Court EDINBURGH EH3 8EY
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors 1 4 Atholl Crescent EDINBURGH EH3 8LQ

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 October 2006

### **Principal activities**

The company was previously named Buccleuch Heritage Hardwoods Limited and changed its name on 23 August 2006 to Buccleuch Natural Fuels Limited.

During the year the company commissioned various research into products relating to the renewable energy/biomass markets and in particular, the trading of woodchips for use as an energy source, to further the Group's activities in the trading and management of timber and timber products

### **Directors**

The directors who served the company during the year were as follows

J C Lamont  
D C Gwyther

None of the current directors hold an interest in the shares of the company

### **Directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

## Report of the directors (continued)

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information


### **Auditor**

Chiene & Tait, Chartered Accountants, resigned as auditor on 3 November 2006 and Grant Thornton UK LLP was appointed. A resolution to re appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

### **Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

BY ORDER OF THE BOARD



M J McGrath  
Secretary

12/6/07

## Report of the independent auditor to the members of Buccleuch Natural Fuels Limited (formerly Buccleuch Heritage Hardwoods Limited)

We have audited the financial statements of Buccleuch Natural Fuels Limited (formerly Buccleuch Heritage Hardwoods Limited) for the year ended 31 October 2006 on pages 8 to 12. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

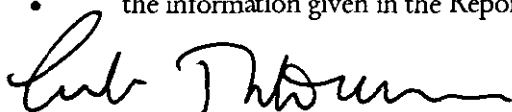
## Report of the independent auditor to the members of Buccleuch Natural Fuels Limited (formerly Buccleuch Heritage Hardwoods Limited) (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 October 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements



GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

10/7/07

## Accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements have been prepared on the going concern basis, which assumes that the company will have sufficient working capital facilities to enable it to continue in business for the foreseeable future

### **Changes in accounting policies**

In preparing the financial statements for the current year, the company has adopted the Financial Reporting Standard for Smaller Entities (effective January 2005)

The company is a small company as defined by the Companies Act 1985 and as such is entitled to prepare financial statements in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), (the FRSSE) The company has adopted the FRSSE in the current year and this allows reduced disclosure in the financial statements There is no significant effect on the current or previous year results

### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity



## Profit and loss account

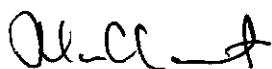
	Note	2006 £	2005 £
Turnover		-	-
Other operating charges	2	(61,016)	(56,014)
Operating loss	3	(61,016)	(56,014)
Interest payable and similar charges		(55)	-
Loss on ordinary activities before taxation		(61,071)	(56,014)
Tax on loss on ordinary activities		35,125	-
Loss for the financial year	10	<u>(25,946)</u>	<u>(56,014)</u>

## Balance sheet

	Note	2006 £	2005 £
<b>Current assets</b>			
Stocks	5	13,859	-
Debtors	6	21,327	-
Cash at bank		75,804	23,793
		<u>110,990</u>	<u>23,793</u>
<b>Creditors: amounts falling due within one year</b>	7	(136,881)	(23,738)
<b>Net current (liabilities)/assets</b>		<u>(25,891)</u>	<u>55</u>
<b>Total assets less current liabilities</b>		<u>(25,891)</u>	<u>55</u>
<b>Capital and reserves</b>			
Called up equity share capital	9	100,000	100,000
Profit and loss account	10	(125,891)	(99,945)
<b>Shareholders' deficit</b>		<u>(25,891)</u>	<u>55</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved by the directors on 12/6/07 and are signed on their behalf by:



J C Lamont  
Director



D C Gwyther  
Director

## Notes to the financial statements

### **1 Going concern**

The future operation of the company is dependent on the continuing support of The Buccleuch Estates Limited, the ultimate parent undertaking. The directors have received assurances from the ultimate parent undertaking that its support will not be withdrawn in the short term and will continue for at least 12 months from the date of the approval of these financial statements and therefore they have been prepared on a going concern basis

### **2 Other operating charges**

	2006 £	2005 £
Administrative expenses	<u>61,016</u>	<u>56,014</u>

### **3 Operating loss**

Operating loss is stated after charging

	2006 £	2005 £
Auditor's fees	<u>300</u>	<u>-</u>

### **4 Particulars of employees**

The company has no employees and neither the directors nor the secretary received any remuneration from the company in the period.

The parent undertaking, The Buccleuch Estates Limited, makes a charge for the services of its personnel and the charge for the year was £8,720 (2005 £Nil)

The directors are employees of the holding company, The Buccleuch Estates Limited, and are also directors of other group subsidiaries. Emoluments are paid by The Buccleuch Estates Limited and it is not practicable to allocate emoluments between their services as executives of The Buccleuch Estates Limited and their services as directors of this company and other subsidiaries.

Both directors (2005 two) are accruing benefits under a defined contribution scheme in respect of their services to the group companies.

### **5 Stocks**

	2006 £	2005 £
Timber	<u>13,859</u>	<u>-</u>

## Notes to the financial statements (continued)

### **6 Debtors**

	2006 £	2005 £
Amounts owed by group undertakings	19,058	–
Other debtors	2,269	–
	<u>21,327</u>	<u>–</u>

### **7 Creditors: amounts falling due within one year**

	2006 £	2005 £
Trade creditors	15,233	–
Amounts owed to group undertakings	118,627	23,738
Other creditors	3,021	–
	<u>136,881</u>	<u>23,738</u>

### **8 Related party transactions**

Related party transactions with other group undertakings are excluded from the consolidated financial statements of The Buccleuch Estates Limited and are therefore exempt from disclosure in these financial statements

### **9 Share capital**

Authorised share capital

	2006 £	2005 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid.

	No	2006 £	No	2005 £
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

## Notes to the financial statements (continued)

### **10 Profit and loss account**

	2006 £	2005 £
Balance brought forward	(99,945)	(43,931)
Loss for the financial year	(25,946)	(56,014)
Balance carried forward	<u>(125,891)</u>	<u>(99,945)</u>

### **11 Ultimate parent company**

The company's immediate parent undertaking is Buccleuch Woodlands Enterprises Limited, a company registered in Scotland, and the ultimate parent undertaking and controlling entity is The Buccleuch Estates Limited, a company registered in Scotland.